

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 STR-04 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 IO-11 L-03

SAM-01 NSC-05 SS-15 CEA-01 ITC-01 AS-01 /102 W

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R 062018Z FEB 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7625

INFO ALL EC CAPITALS 0012

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DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EC, ECON, FR

SUBJECT: NFDN SITUATION IN FRANCE

REF: STATE 025179

1. PER REFTEL EMBASSY OFFICERS CALLED ON AUBERGER, IN CHARGE OF INTERNATIONAL AFFAIRS IN MINAG, AND COLLIN, IN CHARGE OF MULTILATERAL RELATIONS IN DREE, TO ASSURE THEM THAT US IS NOT REPEAT NOT WAVERING IN ITS OPPOSITION TO EC COMMISSION'S PROPOSAL TO REQUIRE THAT NFDN BE INCORPORATED INTO ANIMAL FEED AND THUS IMPAIR OUR GATT BINDINGS ON SOYBEANS AND PRODUCTS. OUR ASSURANCES CAME AS NO REPEAT NO SURPRISE TO FRENCH OFFICIALS ALTHOUGH AUBERGER DID REMARK THAT AGMIN OFFICIALS HAD RECEIVED AN IMPRESSION FROM LARDINOIS AT LAST EC MINAG MEETING THAT USG MAY BE MODERATING ITS VIEWS ON PROPOSED MEASURE.

2. GOF SUPPORTS ADOPTION OF SOME FORM OF MIXING REGULA-  
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TION BECAUSE OF THEIR STRONG INTEREST IN HIGHER SUPPORT

PRICES FOR DAIRY PRODUCTS. AUBERGER VOLUNTEERED HIS PERSONAL VIEW THAT THE MIXING REGULATION IS A STUPID MEASURE. HOWEVER, GOF IS CONVINCED THAT A BETTER DEAL ON 1976-77 EC SUPPORT PRICES FOR DAIRY PRODUCTS WILL BE IMPOSSIBLE UNLESS A PROPOSAL IS ADOPTED FOR DISPOSITION OF GROWING SURPLUS OF NFD. FURTHER, GOF THINKS THAT EC COUNCIL WILL NOT AGREE TO ALTERNATIVES SUCH AS FOOD AID BECAUSE OF THEIR IMPACT ON FEOGA BUDGET. AUBERGER SUGGESTED IN SHORT RUN US COULD ACHIEVE A NET GAIN BECAUSE OF INCREASED FEEDING OF PROTEIN SUPPLEMENTS IN EC (ALTHOUGH NOT NECESSARILY IN FRANCE,) AS A RESULT OF INCENTIVE OF HIGHER SUPPORT PRICES FOR MILK PRODUCTION. HE ADMITTED, HOWEVER, THAT THIS WAS HARDLY A LONG TIME SOLUTION TO THE SURPLUS NFD. PROBLEM.

3. IN AN EVENING MEETING FEBRUARY 4 WITH FRENCH AG JOURNALISTS, LARDINOIS STRONGLY SUPPORTED INCORPORATION OF NFD. IN ANIMAL FEED AS ONLY SOLUTION TO PRESENT PROBLEM. PROBLEM WHICH HE CHARACTERIZED AS A TEMPORARY ONE. IN ANSWER TO QUESTIONS ON RESULTING INCREASED COST OF ANIMAL FEEDS TO POULTRY AND PORK PRODUCERS, LARDINOIS RESPONDED THAT THESE PRODUCERS WOULD HAVE TO ABSORB SOME OF THESE COSTS SINCE AFTER ALL THEY HAD BENEFITTED FROM EC-CAP POLICIES IN FEED COST AT TIME WHEN WORLD PRICES WERE ABOVE EC LEVELS. HE ALSO CALLED ATTENTION TO THE GENERAL SURPLUS WORLDWIDE OF NFD. INCLUDING AN 18-MONTH STOCK IN NEW ZEALAND. LARDINOIS MADE NO DIRECT REFERENCE TO USG VIEWS ON COMMISSION'S NFD. PROPOSAL. HE DID MAKE SOME FACTUAL REFERENCES TO DIFFERING POINTS-OF-VIEW OF US AND EC ON IMPORTANCE OF PRICE STABILITY AND DESIRABILITY OF INTERNATIONAL COMMODITY AGREEMENTS. LARDINOIS ALSO REMARKED THAT AMONG THE WESTERN WORLD, UNITED STATES WAS MOST PROTECTIONIST AND COMMUNITY LEAST PROTECTIONIST AND MOST OPEN. HE DID NOT SPECIFY WHETHER HIS CONCLUSION REFERRED TO TRADE POLICIES ONLY FOR AGRICULTURE OR FOR ALL PRODUCTS.

4. THE NFD. MIXING REGULATION IS STRONGLY SUPPORTED BY MAJOR FRENCH FARM ORGANIZATION FNSEA, AS PERMANENT MEASURE, IF NECESSARY, TO RELIEVE SURPLUS DAIRY SITUATION. LIMITED OFFICIAL USE

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COMPOUND FEED MANUFACTURERS AND PRESIDENTS OF THEIR TWO MAJOR ASSOCIATIONS HAVE TAKEN STRONG STANDS AGAINST THE PROPOSED ACTION AS HAVE POULTRY AND HOG PRODUCER ASSOCIATION REPRESENTATIVES.

5. ABONNENC, PRESIDENT OF SNIA, PRIVATE FEED MANUFACTURING ASSOCIATION, AND VICE PRESIDENT OF EUROPEAN ASSOCIATION FEFAC, DISCUSSED SITUATION WITH AGATTACHE FOL-

LOWING ABONNENC VISIT WITH LARDINOIS IN BRUSSELS  
THIS WEEK. ABONNENC IS STILL OPPOSED, IN PRINCIPLE, TO  
INCORPORATION OF NFDM IN ANIMAL FEED. HOWEVER, HE FINDS  
A NEW PROPOSAL OF LARDINOIS, BASED ON DEPOSIT SCHEME  
APPLICABLE TO ALL PURCHASES OF PROTEIN FEED, LESS OBJEC-  
TIONABLE BECAUSE SOME DISCRIMINATORY FEATURES OF THE  
DECEMBER PROPOSAL HAVE BEEN REMOVED. THE NEW PROPOSAL

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WOULD, HE SAYS, WOULD APPLY TO ALL ENTERPRISES MIXING FEEDS

AND NOT JUST TO LARGER ENTERPRISES. ALSO, PROPOSAL  
WOULD APPLY TO ALL PROTEIN MEALS WHETHER FROM IMPORTED  
OR DOMESTIC SOURCE. IN ADDITION, ABONNENC CALCULATES  
THAT THE FEED MIXERS COULD RECOVER THEIR DEPOSIT BY  
USING ON THE AVERAGE, 1.25 OF NFDM IN COMPOUND FEEDS  
RATHER THAN 2 PERCENT PROPOSED IN DECEMBER. (HAVE DIS-  
CUSSED WITH USEC WHO WILL REPORT MORE DETAILS OF NEW  
PROPOSAL AS SOON AS AVAILABLE.)

6. ABONNENC HAS ASKED THAT WE NOT OBJECT TOO STRONGLY TO PLAN AS NOW FORMULATED BY LARDINOIS AS LONG AS IT REMAINS A TEMPORARY OPERATION OF 6 TO 9 MONTHS AND LIMITED TO 600,000 TONS OF NFDM. ON OTHER HAND, SHOULD THE PROGRAM BE EXTENDED BEYOND THESE LIMITS, THEN HE ASKS THAT WE INTERVENE VIGOROUSLY AT GATT LEVEL.

COMMENT: ABONNENC, EVER SINCE SOYBEAN CRISIS OF 1973, HAS SOUGHT TO PLAY ROLE OF MODERATION. HE IS ALWAYS LIMITED OFFICIAL USE

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FRIENDLY TO US SOYBEAN INTERESTS. HE RECOGNIZES THAT FRANCE AND EC MUST CONTINUE TO DEPEND ON US AS BASIC SOURCE OF PROTEIN MEAL AND THAT IT IS NONSENSE FOR FRENCH TO THINK THAT THEY CAN EITHER GROW SOYBEANS OR FIND OTHER SOURCES OF PROTEIN AT OTHER THAN UNACCEPTABLY HIGH COSTS TO FEED COMPOUND INDUSTRY AND FRENCH LIVE-STOCK PRODUCERS. ABONNENC IS CONVINCED, HOWEVER, THAT AT PRESENT LARDINOIS HAS NO CHOICE ECONOMICALLY OR POLITICALLY BUT TO ADOPT SOME KIND OF TEMPORARY MEASURES FOR INCORPORATION OF NFDM INTO COMPOUND FEEDS. AT SAME TIME HE ADMITS THAT HE IS NOT REPEAT NOT CONVINCED THAT THIS MEASURE WILL NECESSARILY BE A TEMPORARY ONE.

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## Message Attributes

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**Channel Indicators:** n/a  
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**Copy:** SINGLE  
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